

HEA

Action
OCA 86-1287

OFFICE OF CONGRESSIONAL AFFAIRS

Routing Slip

	ACTION	INFO
1. D/OCA		X
2. DD/Legislation		X
3. DD/Senate Affairs		X
4. Ch/Senate Affairs		
5. DD/House Affairs		X
6. Ch/House Affairs	X	
7. Admin Officer		
8. Executive Officer		X
9. FOIA Officer		
10. Constituent Inquiries Officer		
11.		
12.		

SUSPENSE

~~29 Apr 86~~
Date

Action Officer:

Remarks:

OCA 1452

*Completed
5 May 86*

/ 22 Apr 86

Name/Date

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BC / 22 Apr 86

Name/Date

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Congress of the United States

Committee on Foreign Affairs

House of Representatives
 Washington, DC 20515

April 21, 1986

86-1287

Mr. David Gries, Director
 Office of Legislative Liaison
 Central Intelligence Agency
 Washington, DC

Dear Mr. Gries:

In a recent issue of The Nation Magazine, an open letter addressed to me and signed by a Mr. Christopher Hitchens was published concerning the so-called "Magdiwang Report" in the Philippines.

This report, a copy of which is enclosed, contains a number of serious allegations about illegal campaign contributions from the Marcos family and cronies to the US politicians.

As Chairman of the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee, which has spent a considerable amount of time investigating the hidden wealth of the Marcos family in the United States, I believe that my Subcommittee has an obligation to investigate these allegations in order to determine if any of the hidden wealth was used to finance illegal campaign contributions in the United States.

It is my understanding that the Central Intelligence Agency does not now have any information on this report in its files. In order to facilitate the Subcommittee's investigation, I, therefore, request that the Agency attempt, on an expedited basis, to obtain answers to the following questions:

1. Does such a group—the Magdiwang 33—exist, or is this merely a fictitious creation?
2. If this group does exist, who are its members? Are these members in a position to reliably support the allegations that they made in their report?
3. Have any members of this group met with the Salonga Commission, and if so, have they provided any documentation to support their allegations? If so, has the US Government obtained copies of such documentation? If not, why not?
4. Have any members of the Magdiwang 33 either met or offered to

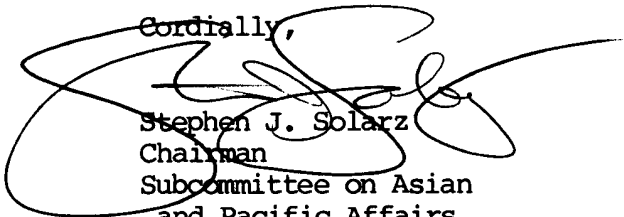
meet with representatives of the US Government in order to discuss these allegations? If so, what additional information or documentation, if any, did they provide?

5. In the Agency's judgement, are some or all of the allegations contained in this report credible? Why or why not?

6. Does the Agency have any information, not necessarily related to the Magdiwang report, concerning contributions or other attempts at influence peddling in the United States by Philippine citizens?

Your assistance in answering these questions is greatly appreciated.

Cordially,



Stephen J. Solarz
Chairman
Subcommittee on Asian
and Pacific Affairs

SJS:tmc

MINORITY REPORT.

CHRISTOPHER HITCHENS

Representative Stephen Solarz
Chair, Asian and Pacific Affairs Subcommittee
1536 Longworth House Office Building
Washington, DC 20515

Dear Representative Solarz,

I realize that your desk must be swamped by the records of the Marcos kleptocracy, but I thought you might want to see a copy of the enclosed report, which has reached me from reliable sources in Manila. It contains the findings of the Magdiwang task force, a committee of expatriate Philippine bankers working in Hong Kong and the United States. Their "restricted" memorandum, which has been given to Senator Jovito Salonga of the Philippine Commission for Good Government, makes the following allegations:

§ In March 1980 Ferdinand Marcos established a special committee to investigate ways in which he might exploit a Republican victory in the American Presidential elections. The members of this committee were Imelda Marcos, Benjamin Romualdez, Roberto Benedicto, Geronimo Velasco, Roberto Sabido (since deceased), Lucio Tan, Rolando Gapud and Oscar Cariño. They were instructed to review U.S. regulations, reinforce personal friendship with Ronald and Nancy Reagan and target salient American interests and personalities.

§ Using resources from tobacco, gambling, banking, petroleum and construction interests under Marcos's control, the team was mandated to give \$7 million through third parties to the 1980 Reagan-Bush campaign and another \$10 million to selected candidates in the 1982 midterm elections.

§ Imelda Marcos and Romualdez withdrew \$20 million from three New York banks in September 1984 for the specific purpose of assisting political action committees working for the re-election of Reagan and Bush. A total of \$50 million was earmarked for that objective.

§ In one specific instance, Vicente Chuidian of the Silicon Valley corporation Asian Reliability was to be asked to contribute between \$500,000 and \$1 million to the Reagan-Bush campaign in California. An intermediary is named here, but I don't think it fair to identify him beyond saying that he is a former senior White House official.

The Magdiwang task force also presents evidence about the purchase of more generalized political influence. It alleges, for example, that large contracts were awarded to the Bechtel Corporation by Marcos crony Roman Cruz Jr., with the object of "widening the avenues of contact between Marcos and former Bechtel executives George Shultz and Caspar Weinberger." It further alleges that Benedicto, representing a Manila Bay casino, sought the counsel of Senator Paul Laxalt in connection with the intended acquisition of a Las Vegas operation.

Benedicto, Gapud and Cariño were, according to the memorandum, instructed to find ways in which Marcos-controlled banks could place credits and deposits in the First

National City Bank of Houston and the Commercial Bank Company of Midland, Texas, now known as Texas American Bank, thought by Marcos to enjoy close links with Vice President Bush. In his capacity as president of the Security Bank and Trust Company in the Philippines, Gapud was ordered to find ways in which "sure" profits could be made for the blind trusts of Reagan and Bush. The report names the lawyer and investment managers, respectively, of the President and the Vice President. These are, in the case of Reagan, Roy Miller of Gibson, Dunn and Crutcher (a Los Angeles law firm) and, in the case of Bush, W.S. Farish and Co. of Houston.

Other targets for "sweetheart deals" were Interpublic, a firm with close links to Senator Laxalt; Kissinger Associates of New York; Michael Deaver and Associates; William Brock Jr.; Judge William Clark; Donald Regan and Ed Rollins.

I could be more specific. But I do not feel justified in questioning the good name of these distinguished public servants, all of whom in any case employ lawyers who could buy *The Nation* and throw it away. At the very least, however, this document merits the attention of your committee. We know that the Marcos conjugal despotism had acquired vast holdings in the United States—vaster than even you had suspected. We also know that the Marcoses set great store by the cultivation of American friends. Is it so improbable that they sought to cement this friendship in the only way they knew how?

I may be accused of having a suspicious mind, but was there not something fulsome in Bush's 1981 salute to Marcos? Did he have to say, on that Manila trip, that he "loved" the man and his attachment to democracy? Would a few free world platitudes not have been enough? Again, was it absolutely necessary for Ronald and Nancy to invite Ferdinand and Imelda on a full-dress state visit—their first in many years? I merely ask. And was it anything more than stupidity that led the President to defend Marcos against the charge of vote-rigging, telling *The Washington Post* on February 10, "I'm sure even elections in our own country—there are some evidences of fraud in places and areas." Talk about blaming America first.

I think that the contents of the Magdiwang memorandum provide a prima facie case for a public hearing, and I can assure you that many well-informed Filipinos would welcome the chance to testify. Even without these latest allegations, we have sufficient cause for concern. A whole network of unaccountable consultants, lobbyists and political action committees is spread over Washington, providing privileged access to those with money. It would be a dull-witted foreign despot who did not seek to take advantage of this short circuit in the democratic process, and we have the example of the South Korean penetration fresh in our memories. There will, of course, always be those who think that capitalism and democracy are the same thing. But let me not wander from the point at issue.

If I can assist you further, please do not hesitate to let me know.

RESTRICTED

ORIGINAL COPY FOR:

MINISTER JOVITO R. SALONGA

CHAIRMAN, PHILIPPINE COMMISSION FOR GOOD GOVERNMENT

IN ORDER TO PAVE THE WAY FOR A FAVORABLE TREATMENT OF HIS REGIME, IN THE EVENT OF A REPUBLICAN VICTORY, FERDINAND E. MARCOS, IN MARCH OF 1983 AND THEREAFTER INSTRUCTED HIS AGENTS LED BY IMELDA MARCOS, BENJAMIN ROMUALDEZ, ROBERTO BENEDICTO, GERONIMO VELASCO, ROBERTO SABIDO (NOW DECEASED), LUCIO TAN, RONALDO GAPUD AND OSCAR CARINO:

TO REVIEW PERTINENT U.S. REGULATIONS.

TO REINFORCE HIS PERSONAL FRIENDSHIP WITH RONALD AND NANCY REAGAN.

TO SYSTEMATICALLY TARGET AND CULTIVATE KEY U.S. POLITICAL INTERESTS AND PERSONALITIES.

RESOURCES FROM TOBACCO, GAMBLING, BANKING, PETROLEUM AND CONSTRUCTION INTERESTS UNDER HIS CONTROL WERE TO BE MADE AVAILABLE FOR:

A. SUBSTANTIAL CONTRIBUTIONS TO THE REPUBLICAN PARTY, THE COMMITTEE TO ELECT REAGAN AND BUSH, AND CERTAIN POLITICAL ACTION COMMITTEES (PACs).

\$7 MILLION WAS TO BE CONTRIBUTED TO THE REAGAN-BUSH CAMPAIGN IN 1980.

\$10 MILLION WAS TO BE CONTRIBUTED TO VARIOUS CANDIDATES IN THE 1982 OFF-YEAR U.S. ELECTIONS.

\$50 MILLION WAS TO BE DISTRIBUTED TO THE VARIOUS COMMITTEES AND GROUPS CREATED TO HELP REAGAN AND BUSH. IMELDA MARCOS AND BENJAMIN ROMUALDEZ WITHDREW \$20 MILLION FROM THREE NEW YORK BANKS IN SEPTEMBER OF 1984 FOR THIS PURPOSE.

VICENTE CHUIZIAN OF ASIAN RELIABILITY WAS INSTRUCTED TO CONTRIBUTE \$500,000 TO \$1 MILLION TO THE REAGAN-BUSH CAMPAIGN IN CALIFORNIA, PROBABLY THROUGH RICHARD ALLEN.

B. THE ENGAGEMENT OF PROFESSIONAL SERVICES OF LOBBYISTS, CONSULTANTS AND LAW FIRMS KNOWN TO BE CLOSE TO THE REPUBLICANS AND KEY REAGAN OFFICIALS.

MARCOS SON-IN-LAW GREGGY ARANETA AND DEPUTY MIN FOR HUMAN SETTLEMENTS JOSE BENITEZ ENGAGED THE SERVICES OF BLACK, MANIFORD, STONE AND KELLY FOR \$950,000 TO IMPROVE THE IMAGE OF MARCOS IN THE U.S. CHARLES BLACK WAS POLITICAL DIRECTOR WORKING FOR PAUL LAXALT IN THE 1984 REAGAN-BUSH CAMPAIGN.

HERDIS ENGAGED THE SERVICES OF NON-CIA DIRECTOR WILLIAM CASEY FROM 1976 TO 1981.

ROBERTO BENEDICTO, REPRESENTING THE MANILA BAY CASINO, SOUGHT THE COUNSEL OF PAUL LAXALT IN CONNECTION WITH THE INTENDED PURCHASE OF A LAS VEGAS CASINO OPERATION FOR FILIPINO INTERESTS.

MANAGERS FOR MANILA HOTEL CORP. AND OTHER IMELDA PROJECTS IN ORDER TO HIDE THE AVENUES OF CONTACT BETWEEN MARCOS AND FORMER BECHTEL EXECUTIVES GEORGE SHULTZ AND CASPAR WEINBERGER.

LUCIO TAN OF FORTUNE TOBACCO WAS TO COURSE HIS IMPORTATIONS OF VIRGINIA LEAF THROUGH U.S. TOBACCO INTERESTS WITH CLOSE LINKS TO KEY REPUBLICAN SOLONS.

C. THE CHANNELING OF DEPOSITS; THE AWARDED OF LUKRATIVE CONTRACTS; THE ORIGINATION AND FINANCING OF DEALS DESIGNED TO BENEFIT TARGETED U.S. CORPORATIONS; BLIND TRUSTS AND KEY PERSONALITIES.

ROBERTO BENEDICTO; ROLANDO GAFUD AND OSCAR CARINO WERE TO FIND WAYS BY WHICH REGIME-CONTROLLED BANKS WERE TO PLACE DEPOSITS AND INCREASE DOCUMENTARY CREDITS TO FIRST NATIONAL BANK OF HOUSTON AND COMMERCIAL BANK CO. OF MIDLANDS, TEXAS; BOTH BANKS WITH CLOSE LINKS TO VICE PRESIDENT GEORGE BUSH.

ENERGY MINISTER GERONIMO VELASCO; THROUGH PHOC (PHILIPPINE NATIONAL OIL CO.) AND ITS FOREIGN SUBSIDIARIES WAS TO STRIKE A BUSINESS RELATIONSHIP WITH OVERSEY OIL DEVELOPMENT CORP.; ZAPATA PETROLEUM CORP. AND ZAPATA OFFSHORE CO.; WHERE GEORGE BUSH HELD SUBSTANTIAL INTERESTS. SECURITY BANK PRESIDENT ROLANDO GAFUD WAS TO ORIGINATE AND FINANCE DEALS DESIGNED TO MAKE "SURE" PROFITS FOR THE BLIND TRUSTS OF RONALD REAGAN AND GEORGE BUSH.

THE "SWEETHEART DEALS" WERE THEN TO BE OFFERED TO REAGAN'S INVESTMENT MANAGER; MR. ROY MILLER OF GIBSON, DUNN, CRUTCHER; A LOS ANGELES LAW FIRM; AND W.S. FARISH AND CO. OF HOUSTON; BUSH'S TRUSTEE.

THE OTHER TARGETS OF THE MARCOS REGIME INCLUDED INTERPUBLIC; WITH CLOSE LINKS TO PAUL LAXALT; KISSINGER AND ASSOCIATES; MICHAEL DEEVER AND ASSOCIATES; WILLIAM BROCK JR.; JUDGE WILLIAM CLARK; DONALD REGAN AND ED ROLLINS OF CALIFORNIA.

WHILE THE ATTEMPTS AT, OR EVEN A CONSUMMATION OF BUSINESS RELATIONS MAY NOT BE VIOLATIVE OF U.S. LAW; THE SCALE, SCOPE AND DEPTH OF THE LINKAGES BETWEEN THE MARCOS REGIME AND KEY U.S. OFFICIALS URGENTLY REQUIRE THE IMMEDIATE ATTENTION OF YOUR HONORABLE COMMISSION.

WITH THE CAPTURE OF THE MARCOS FILES IN THE PRESIDENTIAL STUDY ROOM; WE SHOULD BE ABLE TO COMPLETE THE DOCUMENTATION OF THESE VARIOUS RELATIONS. ARMED WITH THIS FRAMEWORK; THE HONORABLE COMMISSION MAY THEN CHART ITS APPROPRIATE STRATEGY AND TACTICS VIS A VIS THE ARDINO GOVERNMENT'S INITIATIVES TO RETRIEVE THE MARCOS WEALTH LOCATED IN THE U.S.

THROUGH OUR COLLECTIVE EFFORTS; WE HOPE TO DEMONSTRATE TO OUR PEOPLE AND INDEED TO THE INTERNATIONAL COMMUNITY THAT THE PRO MARCOS LEANINGS; THE ATTITUDES AND STATEMENTS OF RONALD REAGAN AND HIS KEY AIDES BEFORE; DURING AND EVEN AFTER THE FEBRUARY CRISES; COULD HAVE BEEN PROMPTED; PERHAPS; BY MORE THAN JUST A SIMPLE "CONCERN FOR A PERSONAL FRIEND AND RELIABLE ALLY" OR EVEN THE WISH TO AVOID BLOODSHED.

THE PUBLIC EXPOSURE OF THE MARCOSES STYLE OF DIPLOMACY -- PERSONAL; FRAGMATIC; OPPORTUNISTIC; BACKED UP BY THEIR COSMIC WEALTH -- COULD DEAL THEM AND THEIR NAIVE AMERICAN FRIENDS THE FINAL BLOW.

AT THE EARLIEST POSSIBLE TIME; THE U.S. MUST BE MADE TO REALIZE

AT THE EARLIEST POSSIBLE TIME, THE U.S. MUST BE MADE TO REALIZE
THAT THE PHILIPPINE CONJUGAL DICTATORSHIP HAS RETURNED TO AMERICA AFTER
42 MONTHS, NOT AS STATE VISITORS, BUT RATHER TO CLAIM ITS FINAL VICTIMS.
RONALD REAGAN AND HIS CRONIES WOULD SOON REALIZE THAT THEY WOULD
NOT BE ABLE TO ESCAPE THE DEADLY EMBRACE OF FERDINAND AND IMELDA MARCOS.

END

MARCH 1, 1986,

MAGDIWANG 83.